

STANDARDIZED MILK PRICE CALCULATIONS for MAY 2010 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		31.13	0.67	28.12
Alois Müller	DE	0.51			29.58	0.46	26.48
Humana Milchunion eG	DE				28.82	-0.16	25.83
Nordmilch	DE		0.15		28.82	0.00	25.41
Arla Foods	DK	0.56			28.09	2.04	28.19
Hämeenlinnan Osuusmeijeri	FI	2.14		-2.59	30.86	1.17	36.89
Bongrain CLE (Basse Normandie)	FR	0.74			29.45	none	29.14
Danone (Pas de Calais)	FR				29.87	none	29.76
Lactalis (Pays de la Loire)	FR				28.97	none	28.80
Sodiaal	FR	0.58			29.36	none	30.00
Dairy Crest (Davidstow)	GB	-0.23	0.34	-2.83	25.28	0.00	27.31
First Milk	GB	0.57	2.12		21.93	0.00	23.57
Glanbia	IE				30.03	0.00	25.07
Kerry	IE				29.84	none	24.49
DOC Kaas	NL	0.05	0.34		28.36	1.53	25.94
Friesland Campina	NL	0.05	0.75	-2.30	27.37	0.86	27.42
AVERAGE MILK PRICE THIS MONTH (2)					28,61		27,65
Granarolo (North)	IT	1.15	3.42		33.98	none	34.09
Fonterra (5)	NZ				26.83	0.00	24.18
United States of America (3)	US	0.12			26.61	none	22.61

Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.



ADDITIONAL REMARKS MILK PRICES MAY 2010

MILK PRICE

Additional remarks milk prices May 2010

The average milk price calculated for May 2010 deliveries is **€28.61** per 100 kg standard milk. The European milk prices are above the level of last year (**+ € 0.92**), representing an increase of **18.5%**.

May last year milk prices increased **€0.30** per 100 kg compared to the previous month. This year the milk price of May increased **€4.47** per 100 kg. The increase compared to previous month is more than twice as high as the increase in the same period last year.

The Netherlands

Dairies FrieslandCampina and DOC Kaas increased their fat- and protein prices this month compared to previous month. FrieslandCampina and DOC Kaas announced to increase the milk prices further in June and July.

Milcobel

Milcobel increased the milk price of May by increasing the fat- and protein prices.

Germany

All German dairies increased their basic price in May to €28.00 per 100 kg milk.

France

The milk prices of Danone and Lactalis increased in May due to higher basic prices. The milk prices of Bongrain and Sodiaal remained the same this month.

Scandinavia

The milk price of the Swedish/Danish dairy Arla increased, due to changes in the fat- and protein prices. Arla announced to increase the milk price in June and July.

Hämeenlinnan Osuusmeijeri remains their milk price the same in May.

Ireland

Glanbia and Kerry increased the fat- and protein prices in May. Therefore the milk prices increased compared to previous month.

United Kingdom

The milk prices of the British dairies Dairy Crest and First Milk increased in May due to seasonal changes.

USA

USDA's latest milk production report shows the number of milk cows in May increased by 21,000 head since last December. While milk cow numbers were still 1.8% below last May this was more than offset by 3.0% more milk per cow netting 1.2% more milk than a year ago.

Milk prices will strengthen further as the year progresses. How much prices will improve is all depended upon the level of milk production, domestic sales and dairy exports.

Domestic economic conditions are not overly favorable for milk and dairy product sales. April beverage milk sales were down 1.6% from a year ago and down 0.3% year to date.

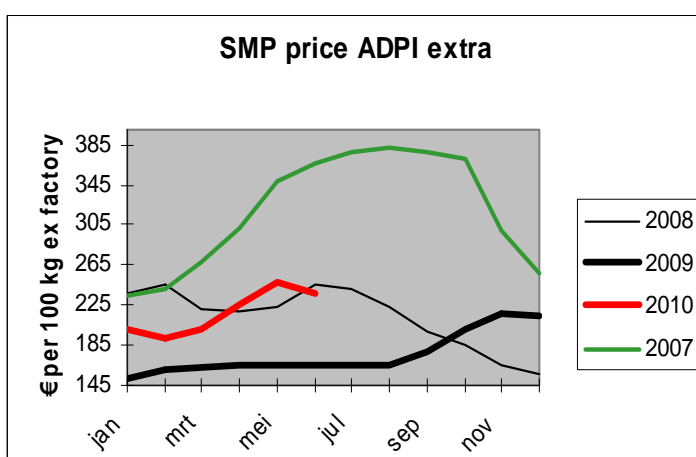
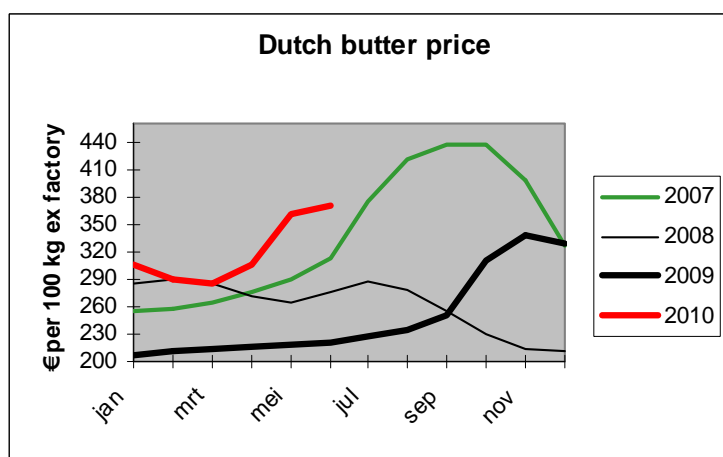
The exports of dairy products continue to show significant improvement. Increases in April exports compared to a year ago were: nonfat dry milk/skim milk powder 51%, whey proteins 37%, cheese 72%, lactose 13% and butter fat 144%. Exports for the first four months as a percentage of production were: nonfat dry milk/skim milk powder 29%, whey proteins 63%, cheese 3.1%, and butterfat 5.0%.

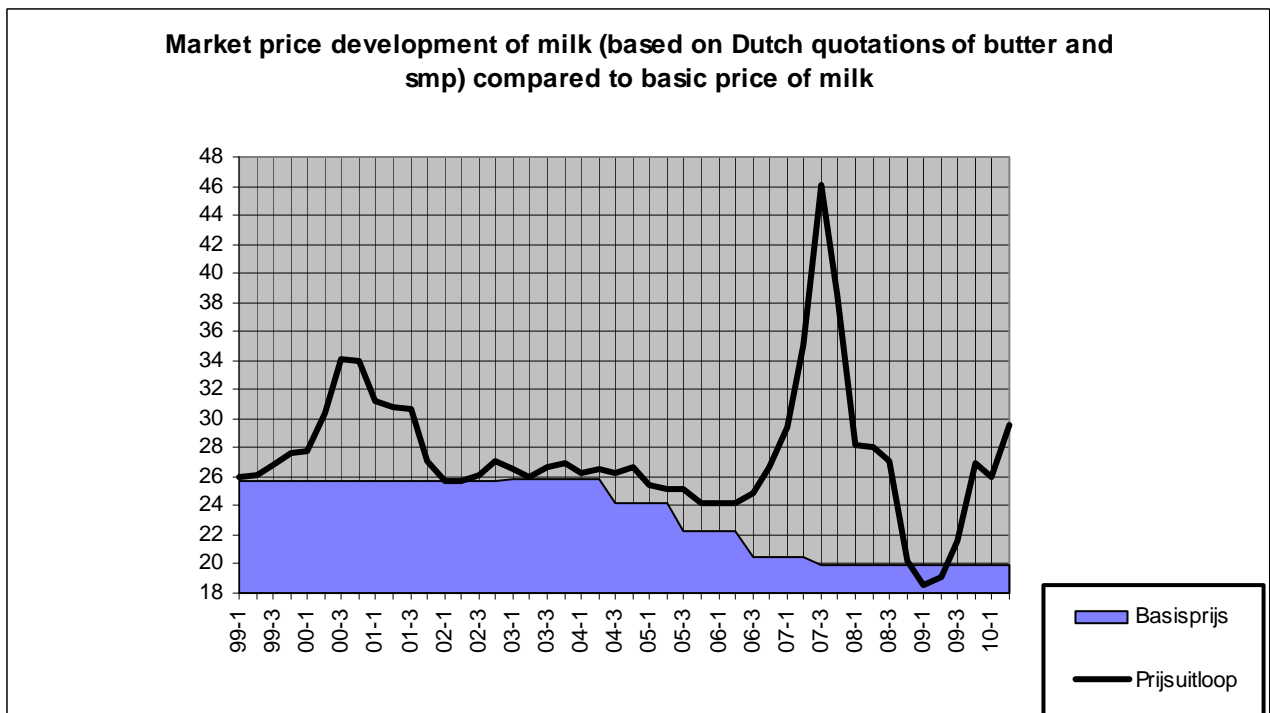
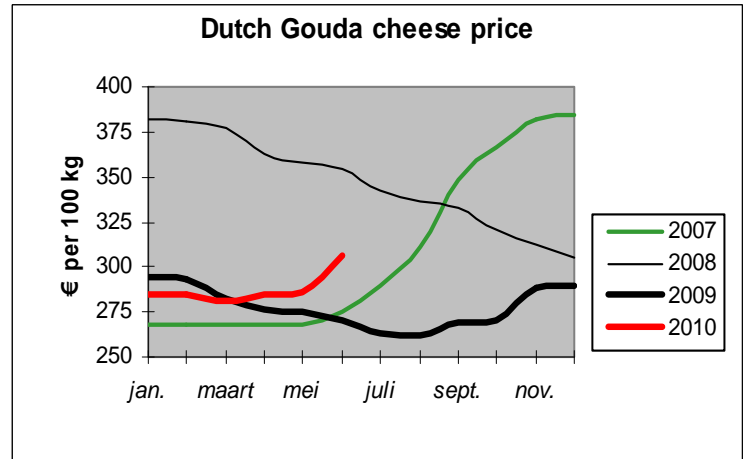
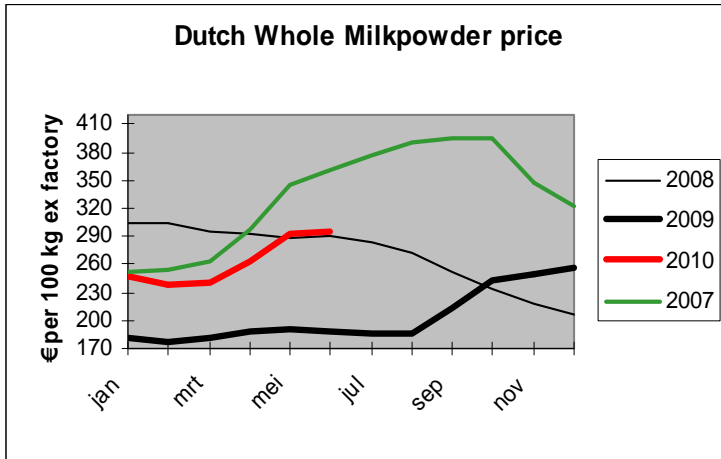
But, high cheese stocks are a major factor holding down the recovery of milk prices. Total cheese stocks exceeded one billion pounds, 7.7% higher than a year ago. April butter stocks were 14% lower than a year ago, and stocks of nonfat dry milk 20% lower.

MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2010	June 30 th 2010	index	trend
Butter	315	378	120,0	→
Whole milkpowder	252	293	116,2	↓
Skimmed milkpowder	203	231	113,7	↓
Wheypowder	70	66	94,3	↓
Gouda cheese	± 290	± 310	106,9	↑





Market comments

In the Netherlands milk output during January-May 2010 was 4.81 billion kgs or appr. 2% higher, compared to the same period last year. The average milk fat and protein percentage during this period was 4.50% and 3.52% being a bit higher compared to last year.

According to recent provisional figures milk output in the EU-27 for the first four month period of 2010 declined and was 1.3% lower than the previous year.

The general market attitude is wait and see. Supplies in the buttermarket are tight and prices are consolidating around present levels. The intervention stock of app. 25.000 tons has been released without any problems and sold at market related prices. The milk powder market is vulnerable and is much focused on the outcome of the recent removal tender of EU intervention stock. Trading activity has slowed down and market participants are waiting for more price direction signals. More additional

supply is offered from available commercial stock, which exerts some pressure on current market prices.

On the international markets buyers are wondering if current high prices could hold and are inclined to postpone their purchases for the time being.

International trade is recovering again, which is reflected in increasing export quantities.

Moreover, important institutions like OESO and IMF have recently increased their growth expectations for the world economy. At the same time, however, the risks of a new economic setback are looming. The sustainability of the current economic recovery is questioned now that the euro zone is in danger. To address the growing budget deficits, a number of EU countries are forced to take austerity measures, which could hurt the recovery and may impede an upturn of consumption growth later on. Biggest growth prospects are in China. That home market becomes more and more important. China is planning to loosen its export focus and is on its way to stimulate its internal demand. So the imports in China could accelerate in coming years. In which way and to what extent Europe can take advantage remains to be seen.